

**MINUTES OF THE
BOARD OF BUSINESS AND ECONOMIC DEVELOPMENT
February 20, 2004 Meeting**

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| Members Present: | David Simmons, Dell Loy Hansen, Barbara Zimonja, Ed Ekstrom, Kenneth Woolley, Mark Howell, Richard Nelson, Cliff White and Bill Boyle, (via telephone) |
| Members Absent: | Jerry Oldroyd, Joel Bradford, Karen Alvey, Debra Tanzi, and Ted Smith |
| Visitors: | Jerrold Jensen, Attorney General Office; Troy Gardner, Stephanie Frohmen, EDCU; Don Adams, Downtown Alliance; Susan Thackary, Box Elder Co. Econ. Dev.; Justin Nelson, Cephalon; Kelly Matthews, Wells Fargo Bank |
| Staff: | Dave Harmer, Jeff Gochmour, Rod Linton, Ron Richins, Marian Hein, Cathy Rawstorne, Dick Bradford, Darrell Kirby, Carey Wold, Mike Keene, Tamee Roberts, Todd Hauber, Inge Krogue, Stan Nance, Mark Renda, Dave Douglass, Chuck Schell, Kelly Day |

Welcome

Chairman Simmons welcomed everyone and brought the meeting to order.

Committee Reports

Incentives Committee:

Barbara Zimonja gave the following report from the Incentives Committee:

The Incentives Committee recommends approval for a \$2,100,000 Target Incentive for the creation of 365 new full-time employee positions and other milestones to Cephalon as follows:

- \$57,500 upon execution of new lease agreement at current facility;
- \$150,000 upon acquisition of land adjacent to existing facility for new construction;
- \$250,000 upon certification of occupancy of new construction;
- Up to \$1,642,500 to be disbursed in the following three employee categories:
 - \$2,000 per new full-time employee position, on a post performance basis over five years with a salary meeting or exceeding 125% of the Salt Lake County median wage.
 - \$4,000 per new full-time employee position, on a post performance basis for five years with a salary meeting or exceeding 150% of the Salt Lake County median wage.
 - \$500 per new employee position for reimbursement of custom fit training costs (independent of any UCAT Custom Fit training funds).
- The incentive package is conditioned on no additional incentives at the municipal level; and
- The company must commit to keep its operations in Utah for a minimum of five years.

MOTION: Barbara Zimonja moved to approve the \$2,100,000 Target Incentive to Cephalon as stated above with a second from Dell Loy Hansen. Cliff White abstained from the motion. Motion carried.

The Incentives Committee recommends approving Project Bill West's request for a \$655,000 Rural Incentive as follows: \$2,000 per new employee position for a maximum incentive of \$250,000 on a post performance basis for 125 new full-time employee positions over a five year with a salary meeting or exceeding 100% of the county median wage. The company must commit to keep its operation in Utah for five years.

MOTION: Barbara Zimonja moved to approve a maximum of \$250,000 Rural Incentive to Project Bill West as outlined above. Dell Loy Hansen seconded the motion and all favored it passing. Motion carried.

Intel Corporation Contract Closure

The IAF Committee received repayments from Intel Corporation satisfying its contract provisions. The Committee recommends closing Intel Corporation's contract.

MOTION: Dell Loy Hansen moved to approve the Incentive Committee's recommendation to close Intel Corporation's IAF contract through approval of earned credits claimed and acceptance of cash payments for principal and interest as satisfying IAF contract provisions evidenced by audit findings. Mark Howell seconded the motion and all favored it passing. Motion carried.

Division Report

Jeff Gochnour gave the following update on DBED Program activities:

Mr. Gochnour thanked Chairman Simmons for attending DBED's legislative hearing and for supporting our efforts. The hearing went well and the Committee seemed pleased with the work taking place in DBED.

BEAR

- BEAR staff continues to work on BRAC (Base Realignment and Closure) activities. Earlier today Gov. Walker signed a joint House & Senate Resolution recognizing and honoring military bases and personnel throughout Utah. Commanders of all Utah's military bases, as well as House and Senate leadership joined her at the capitol. Utah's Congressional Delegation has called a press conference for later today to discuss BRAC issues as they relate to Utah's military installations. DBED has requested an additional \$400,000 from the Appropriations Committee to help augment the \$350,000 one-time money the Utah Defense Alliance receives annually to support its efforts in retaining HAFB. A decision is expected in 2005 on which bases will be closing.
- Smart Sites – Utah's 14th fastest growing company, Steton Technology Group, has created with IAF and Smart Site assistance, 20 new jobs in Washington County that pay between \$35,000 and 58,000. In the Health Informatics and Medical Coding Industry, two sites are in currently in the process of hiring medical coding graduates. These are great jobs in rural areas that provide flexibility for people to work from home.
- Carey Wold attended Res 2004 in Las Vegas, which is the largest conference for tribally owned and Indian owned companies. Mr. Wold spends the majority of his time working with and supporting tribal companies.

National Business Development

- National Business Development staff has conducted five site visits during the past month and in all cases, there is a high likelihood in attracting those companies to Utah.
- Rod Linton attended the groundbreaking of the new Malt-o-Meal facility in Tremonton.
- Staff attended the "What's up Down South" Economic Development Summit in St. George and provided some economic development training for the EDP's. Mark Renda's staff also conducted training on the use of the Private Activity Bonds. As part of that summit, there was also a groundbreaking in St. George for the Bomatic Company; a manufacturing plant that makes molded plastic products. Bomatic is moving its entire operation out of the state of California to Utah. The CEO of Bomatic is one of our biggest advocates and has been quoted in papers all over the country saying that he is leaving California for Utah. He is an excellent spokesman for all of the great things Utah has to offer. Bomatic currently employs 60 people with plans to expand to 125 in its new 90,000 sq.ft. facility.
- Staff is in the process of planning the San Jose Trade Mission, which will include hosting a venture capital conference on Sand Hill Road in Palo Alto, CA. Eight Utah companies who recently presented at the Wayne Brown Conference will participate in the trade mission to make their presentations to the Silicon Valley venture capitalists.

International Business Development

- Trade Missions continue to be at the forefront of the International staff efforts. A current trade mission schedule was distributed and the board members were invited to participate in any or all of them. The board members were also asked to provide staff any information they may have on Utah companies who do business in any of the targeted countries or any individuals from the countries that should be invited to participate in the receptions. Everyone who attends the trade missions pays their own way with the exception of state staff. Tina Lewis has

secured generous sponsorships to help offset some of the cost of receptions and transportation. Delta has renewed their commitment made last year for travel vouchers worth about \$250,000 on Delta Airlines and Zion's Bank has also agreed to help fund some of the events.

- International staff hosted a number of foreign dignitaries including the Consul General's from Japan and Greece. A trade delegation of 15 legislators from the Gyeonggi Province in South Korea visited Utah and met with members of our legislature as well as Governor Walker. Staff also hosted a group of students from Beijing Number Four High School in Utah to participate in the Park City High School exchange program.
- Ms. Lewis is looking into the possibility of developing an International Center to host international guests. She has spoken with Salt Lake City, Salt Lake County, and the Salt Lake Chamber on ways to coordinate efforts in creating one central hosting location where our international office and other statewide international offices would be located.
- International staff is also working on the upcoming *International Week* in May. Governor Walker is lined up to participate by signing the International Week proclamation.

Science & Technology

- Staff continues to work on the development of HB240-Fund of Funds. The Capital Investment Corporation has been formed and staff is in the process of getting letters out to invite people to participate on the board.
- Rod Linton continues to work on planning for the National Association of Seed and Venture Fund Conference, which will be held in Salt Lake later this fall. He also met with the Board of Regents to talk about plans for a technology summit Governor Walker would like to have later this year.
- Centers of Excellence - Michael Keene visited all of the universities and centers and has received 32 proposals for COE funding so far, with requests totaling more than \$4M.
- Millard County is competing with Colorado for the Auger Ultra High Energy Cosmic Ray Project. If selected, it would make Utah the pre-eminent location for astro-physics in the United States.
- Twenty-seven companies presented new technology and innovations taking place in Utah at the Wayne Brown Venture Capital conference last week. DBED supported the conference financially and a number of DBED staff also participated by helping mentor the presenting companies.

Utah Film Commission

- Leigh von der Esch has been very active along with her constituents in the film industry throughout the state. There are currently three pieces of proposed legislation affecting the film industry including a senate bill that would form a funded task force to look at incentives in the film industry and ways to better support that industry; a tax exemption for the film industry; and a House Joint Resolution for an on-going study of the industry, which passed unanimously.
- Film industry volunteers are assisting the Film Commission in updating its photo library by converting analog photos to digital images, making them accessible on the Internet.
- The latest "Filmed in Utah" brochure will be available in six weeks.

Economic Report

Kelly Matthews, Economist for Wells Fargo Bank, gave a detailed economic forecast to the Board. He distributed several handouts including the Major Economic Indicators – History and Forecast, Unemployment History, Construction Activity report, and Real Estate Sales comparisons. His report generated a lot of discussion among the board members. The board members concluded that the burden still lies with us in creating new jobs.

March 19, 2004 Agenda Items

Other Business

With there being no further business, the meeting adjourned at 12:00 p.m.